

# **State of Alaska FY2008 Governor's Operating Budget**

**Dept of Commerce,Community,& Economic Development  
Alaska Aerospace Development Corporation  
Results Delivery Unit Budget Summary**

## Alaska Aerospace Development Corporation Results Delivery Unit

### Contribution to Department's Mission

Promote aerospace related economic growth and development and strengthen Alaska technological infrastructure.

### Core Services

- Provide rocket launch venue
- Provide rocket launch support services to customers

End Results	Strategies to Achieve Results
<b>A: Maintain or improve launch services operating revenue</b>  <u>Target #1:</u> Increase launch services operating revenue <u>Measure #1:</u> Amount of launch operating revenue	<b>A1: Expand launch services offered</b>  <u>Target #1:</u> Add one new service annually <u>Measure #1:</u> Number of new services added
End Results	Strategies to Achieve Results
<b>B: Maintain or improve contribution level to Alaska economy</b>  <u>Target #1:</u> Increase level of operating spending in Alaska economy <u>Measure #1:</u> Amount of expenditures on Alaska payroll and Alaska vendors compared to total expenditures	<b>B1: Increase spending on Alaska payroll, goods and services</b>  <u>Target #1:</u> Hire and train in Alaska <u>Measure #1:</u> Number of additional AADC personnel  <u>Target #2:</u> Purchase Alaska goods and services <u>Measure #2:</u> Amount of operating spending with Alaska vendors compared to total vendor spending
End Results	Strategies to Achieve Results
<b>C: Strengthen Alaska's technological infrastructure</b>  <u>Target #1:</u> Continue investment in capital assets <u>Measure #1:</u> Amount of cumulative investment in capital assets	<b>C1: Continue to develop Kodiak Launch Complex (KLC) facilities and services.</b>  <u>Target #1:</u> Upgrade Range Safety and Telemetry System <u>Measure #1:</u> System upgraded in FY05  <u>Target #2:</u> Add Mobile Telemetry System (MTS) <u>Measure #2:</u> System purchased and placed in service in FY06  <u>Target #3:</u> Add Fiber Optic Connectivity <u>Measure #3:</u> Connectivity to be placed in service at KLC and Kodiak Borough in FY07

### Major Activities to Advance Strategies

- Expand launch services provided
- Maintain or improve contribution level to Alaska economy
- Develop infrastructure to enhance capabilities

## FY2008 Resources Allocated to Achieve Results

FY2008 Results Delivery Unit Budget: \$24,833,600

## Personnel:

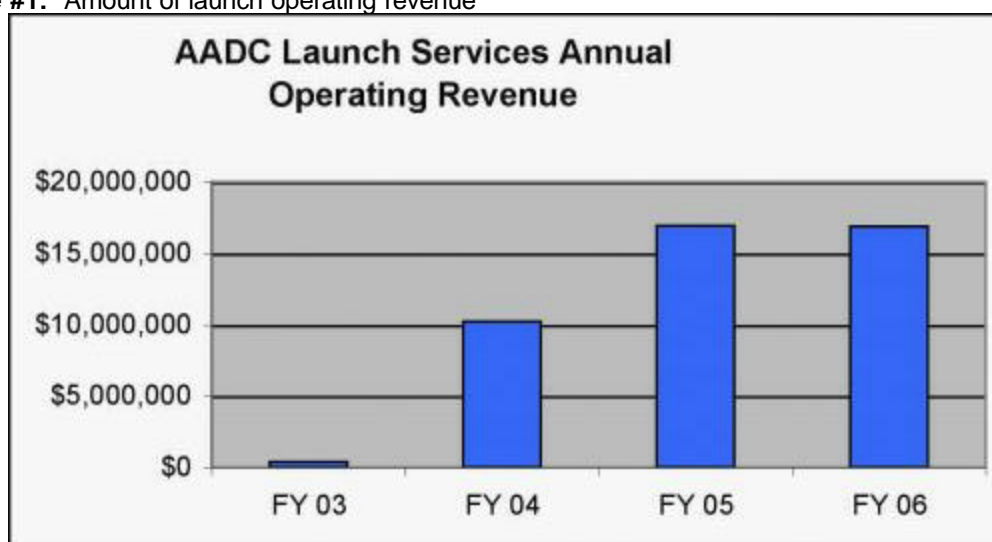
Full time 47

Part time 0

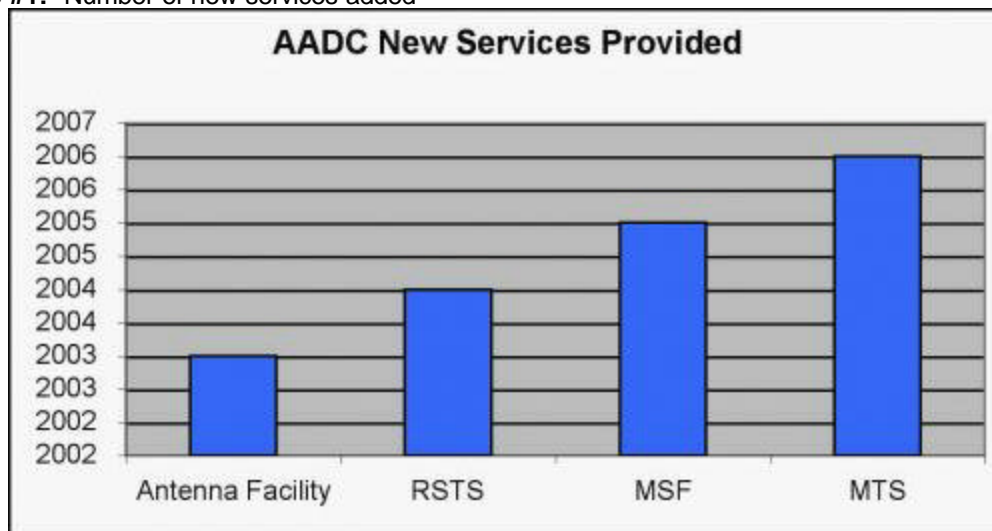
**Total** 47

## Performance Measure Detail

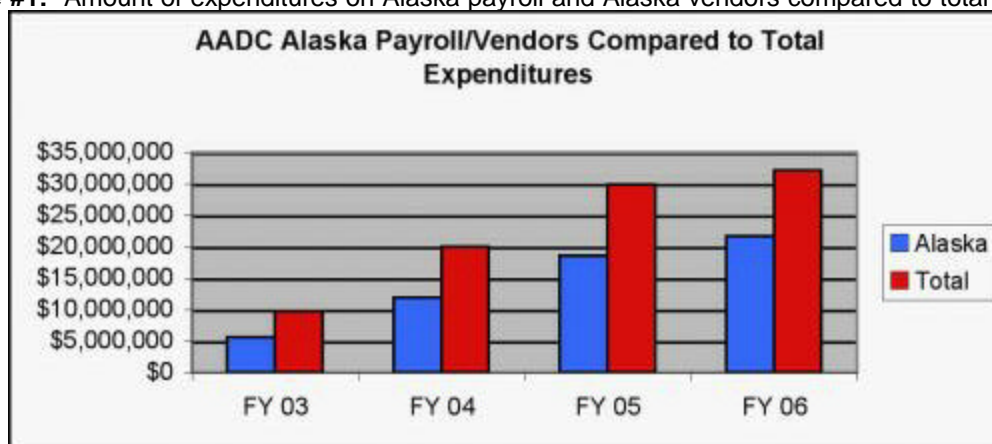
## A: Result - Maintain or improve launch services operating revenue

**Target #1:** Increase launch services operating revenue**Measure #1:** Amount of launch operating revenue

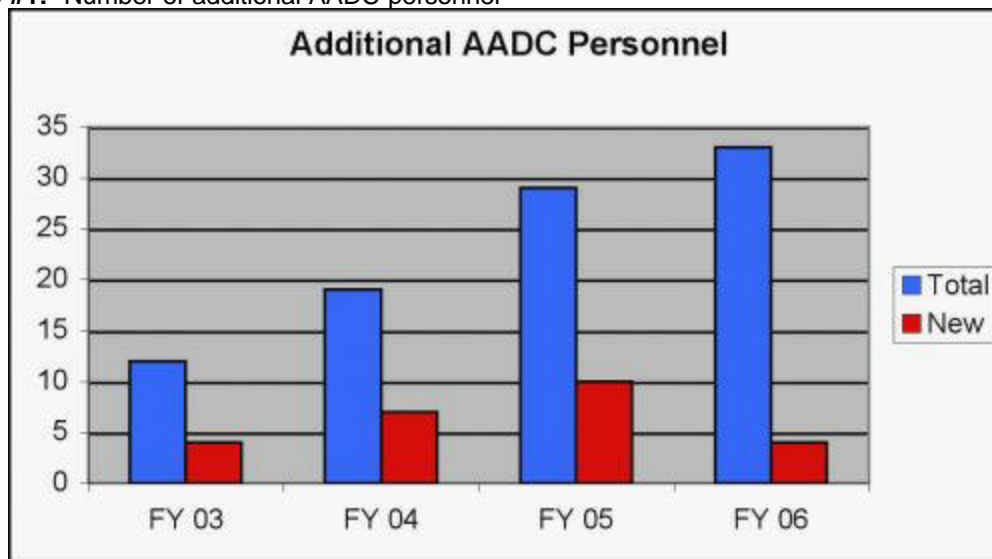
**Analysis of results and challenges:** Launch operating revenue for the Kodiak Launch Complex (KLC) remained approximately the same at \$16.9 million from FY05 to FY06. There are three launches forecasted each for FY07 and FY08 with launch operating revenue projected at \$25 million and \$26 million, respectively. Additional launch support personnel and expanded launch support services will continue to be offered in order for the launch services operating revenue to increase.

**A1: Strategy - Expand launch services offered****Target #1:** Add one new service annually**Measure #1:** Number of new services added

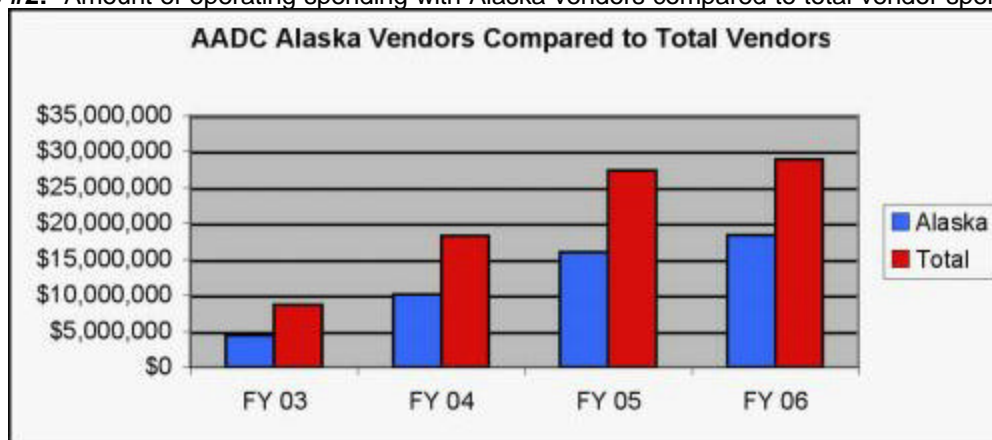
**Analysis of results and challenges:** In September 2005, AADC completed the Maintenance and Storage Facility (MSF) which was fully implemented in FY06. In FY06, AADC completed the Mobile Telemetry System (MTS) and in FY07 AADC plans to increase communication capabilities.

**B: Result - Maintain or improve contribution level to Alaska economy****Target #1:** Increase level of operating spending in Alaska economy**Measure #1:** Amount of expenditures on Alaska payroll and Alaska vendors compared to total expenditures

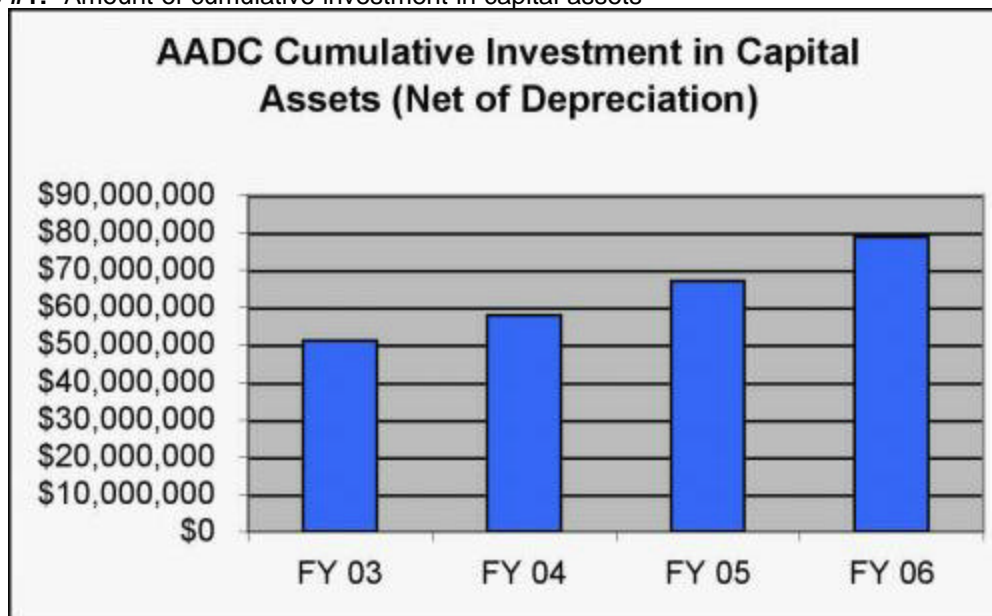
**Analysis of results and challenges:** In FY06, AADC spent \$21.6 million on Alaska payroll and vendors (or 67%) compared to \$32.1 million in total expenditures. This represents a 5% increase over FY05, and an average of 3% increase per year from FY03. This increase in the percentage of expenditures associated with Alaska payroll and vendors compared to total expenditures supports AADC's mission to promote aerospace related economic growth by maintaining or improving contribution levels to Alaska's economy.

**B1: Strategy - Increase spending on Alaska payroll, goods and services****Target #1:** Hire and train in Alaska**Measure #1:** Number of additional AADC personnel

**Analysis of results and challenges:** In FY06, AADC hired 4 new personnel. AADC plans on hiring 4 new employees in FY07.

**Target #2:** Purchase Alaska goods and services**Measure #2:** Amount of operating spending with Alaska vendors compared to total vendor spending

**Analysis of results and challenges:** AADC spent \$18.4 million out of \$28.9 million with Alaska vendors in FY06, and plans to continue to focus on utilizing Alaska goods and services.

**C: Result - Strengthen Alaska's technological infrastructure****Target #1:** Continue investment in capital assets**Measure #1:** Amount of cumulative investment in capital assets

**Analysis of results and challenges:** Cumulative investment in capital assets, taking into consideration the cost of depreciation, through FY06 was \$78.8 million. This represents an increase of 18% over FY05, and an average increase of 16% per year since FY03. Investment in capital assets for FY06 including funds for enhancements to the Range Safety and Telemetry System. Investment in capital assets is projected to continue in FY07 and FY08.

**C1: Strategy - Continue to develop Kodiak Launch Complex (KLC) facilities and services.****Target #1:** Upgrade Range Safety and Telemetry System**Measure #1:** System upgraded in FY05**Target #2:** Add Mobile Telemetry System (MTS)**Measure #2:** System purchased and placed in service in FY06**Target #3:** Add Fiber Optic Connectivity**Measure #3:** Connectivity to be placed in service at KLC and Kodiak Borough in FY07**Key RDU Challenges**

AADC's biggest challenges in the coming year continues to be building systems and personnel flexibility to be able to respond to our anchor tenant's changing requirements, and continuing to recruit and train our work force. AADC's anchor tenant, the Department of Defense Missile Defense Agency, has evolving requirements for both launch services and business management data.

Alaska State Department of Transportation and Public Facilities completed paving approximately 20 miles of road leading to the Kodiak Launch Complex (KLC). AK DOT has released the RFP for paving the remaining 9 miles of road to the KLC. This 9 mile section represents critical safety hazard to personnel transportation and equipment logistics on the

Kodiak road system.

## Significant Changes in Results to be Delivered in FY2008

AADC is currently performing the fourth year of a five-year support services agreement with the Department of Defense Missile Defense Agency (MDA). MDA continues to request additional launch services support and continues to increase its requirements for management data.

AADC is actively marketing KLC's capabilities to the space launch community to provide launch contracts into the near future.

## Major RDU Accomplishments in 2006

AADC successfully executed the third year of providing services for its anchor tenant, MDA, under a five year contract. Kodiak Launch Complex (KLC) continues launching tests of the nation's missile defense system. The third Integrated Flight Test (IFT) 04-1 was launched on February 23, 2006. The fourth Flight Test Ground-Base Midcourse Defense, FTG-02, was successfully launched from KLC on September 1, 2006.

The Maintenance and Storage Facility construction of the 19,000 square foot project was completed and use was fully implemented. This facility will centralize the maintenance support functions, provide all weather storage and maintenance of the mobile Range Safety and Telemetry System and provide a limited amount of space for customer storage.

AADC entered a contractual agreement with Kodiak-Kenai Cable Company, LLC for fiber optic connectivity for the KLC, Kodiak Borough, and the entire Kenai Peninsula.

AADC continues to meet the demands of launch service support and management data requirements. AADC has successfully hired four additional full time employees.

AADC continues to enhance their community relations program. There are coordinated efforts with the local community of Kodiak to support community functions. AADC is involved with supporting the Challenger Learning Center of Alaska. There has been a scholarship agreement formed with AADC and the Alaska State University System that benefits continued education of Alaskans.

### Contact Information

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**Alaska Aerospace Development Corporation  
RDU Financial Summary by Component**

*All dollars shown in thousands*

	FY2006 Actuals				FY2007 Management Plan				FY2008 Governor			
	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds	General Funds	Federal Funds	Other Funds	Total Funds
<b><u>Formula</u></b>												
<b><u>Expenditures</u></b>												
None.												
<b><u>Non-Formula</u></b>												
<b><u>Expenditures</u></b>												
AK Aerospace Development Corp	0.0	0.0	3,344.2	3,344.2	0.0	0.0	3,297.5	3,297.5	0.0	0.0	3,556.4	3,556.4
AADC Facilities Maintenance	0.0	0.0	12,728.6	12,728.6	0.0	0.0	20,830.1	20,830.1	0.0	0.0	21,277.2	21,277.2
<b>Totals</b>	<b>0.0</b>	<b>0.0</b>	<b>16,072.8</b>	<b>16,072.8</b>	<b>0.0</b>	<b>0.0</b>	<b>24,127.6</b>	<b>24,127.6</b>	<b>0.0</b>	<b>0.0</b>	<b>24,833.6</b>	<b>24,833.6</b>



**Alaska Aerospace Development Corporation  
Summary of RDU Budget Changes by Component  
From FY2007 Management Plan to FY2008 Governor**

*All dollars shown in thousands*

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
<b>FY2007 Management Plan</b>	<b>0.0</b>	<b>0.0</b>	<b>24,127.6</b>	<b>24,127.6</b>
<b>Adjustments which will continue current level of service:</b>				
-AK Aerospace Development Corp	0.0	0.0	-90.6	-90.6
-AADC Facilities Maintenance	0.0	0.0	99.4	99.4
<b>Proposed budget increases:</b>				
-AK Aerospace Development Corp	0.0	0.0	349.5	349.5
-AADC Facilities Maintenance	0.0	0.0	347.7	347.7
<b>FY2008 Governor</b>	<b>0.0</b>	<b>0.0</b>	<b>24,833.6</b>	<b>24,833.6</b>